

1234567 SAMPLE BANK HOLDING COMPANY  
 RICHMOND VA FR DIS: 5  
 ASSETS: 14,928,373 PEER: 01

ALLOWANCE AND NET LOAN AND LEASE LOSSES

PAGE 12

CHANGE: ALLOWANCE FOR CREDIT

LOSSES EXCLUDING ATTR (\$000)

	mm	yyyy	mm	yyyy	yyyy	yyyy	yyyy
BEGINNING BALANCE	211,276		174,362		174,362	167,795	151,979
GROSS CREDIT LOSSES	20,880		20,416		82,005	55,132	44,084
RECOVERIES	10,038		2,497		16,336	24,906	30,767
NET CREDIT LOSSES	10,842		17,919		65,669	30,226	13,317
PROVISION FOR CREDIT LOSSES	12,590		18,303		84,014	30,338	22,227
FOREIGN CURRENCY ADJUSTMENTS	-3,695		448		4,933	-5,917	25
ADJ DUE TO MERGERS AND ABSORPTIONS	0		0		13,636	12,372	6,881
OTHER ADJUSTMENTS	0		0		0	0	0
ENDING BALANCE	209,329		175,194		211,276	174,362	167,795

MEMO: ALLOC TRANSFER RISK RES (ATTR)  
 PROV FOR ALLOCATED TRANSF RISK

0	0	0	0	0	0	0
0	0	0	0	0	0	0

ANALYSIS RATIOS

	BHC	PEER 01	PCT	BHC	PEER 01	PCT	BHC	PEER 01	PCT	BHC	PEER 01	BHC	PEER 01
PROVISION FOR LOSSES/AVG ASSETS	0.34	0.27	73	0.50	0.30	85	0.56	0.32	88	0.21	0.36	0.17	0.33
PROV FOR LOSSES/AVG LOANS AND LEASES	0.53	0.41	77	0.79	0.46	85	0.88	0.51	85	0.34	0.56	0.26	0.51
PROVISION FOR LOSSES/NET LOSSES	116.12	112.80	66	102.14	109.18	51	127.94	112.76	79	100.37	107.04	166.91	95.71
LN&LS ALLOWANCE/TOTAL LOANS & LEASES	2.22	1.58	90	1.88	1.71	75	2.19	1.57	91	1.87	1.71	1.96	1.86
LN&LS ALLOW/NET LOAN & LEASE LOSSES (X)	4.83	5.72	51	2.44	6.31	17	3.22	6.17	32	5.77	5.53	12.60	5.11
ALLOW FOR CREDIT LOSSES/NONACCR ASSETS	133.25	308.51	9	201.85	407.53	18	160.20	340.14	9	195.36	416.80	231.65	368.06
LN&LS ALLOW/90+ DAYS PD+NONACCR LN&LS	117.06	213.92	11	157.63	234.07	20	138.58	224.51	19	152.60	232.56	156.38	229.85
GROSS LN&LS LOSSES/AVG LOANS & LEASES	0.88	0.54	83	0.88	0.63	80	0.86	0.61	78	0.61	0.72	0.52	0.70
RECOVERIES/AVG LOANS AND LEASES	0.42	0.14	98	0.11	0.17	26	0.17	0.16	65	0.28	0.20	0.37	0.21
NET LOSSES/AVG LOANS AND LEASES	0.46	0.40	67	0.77	0.49	80	0.69	0.49	79	0.34	0.54	0.16	0.52
RECOVERIES/PRIOR YEAR-END LOSSES	12.24	6.71	93	4.53	7.65	16	29.63	32.76	52	56.50	36.68	110.45	41.83
EARNINGS COVERAGE OF NET LOSSES (X)	6.49	13.72	16	4.08	12.44	11	3.78	12.89	8	8.27	11.50	17.53	11.81

NET LOAN AND LEASE LOSSES BY TYPE

REAL ESTATE LOANS	0.36	0.05	98	0.05	0.03	65	0.09	0.04	77	0.03	0.07	0.07	0.11
RE LOANS SECURED BY 1-4 FAMILY	0.33	0.09	91	0.09	0.09	70	0.10	0.06	75	0.04	0.09	0.07	0.07
REVOLVING	0.00	0.13	24	0.00	0.13	21	0.00	0.16	11	0.00	0.10	0.00	0.12
CLOSED-END	0.37	0.08	93	0.10	0.07	78	0.11	0.08	83	0.04	0.09	0.07	0.07
COMMERCIAL REAL ESTATE LOANS	0.55	-0.02	96	-0.01	-0.03	49	0.10	-0.02	78	0.05	0.00	0.11	0.11
CONSTRUCTION AND LAND DEV	0.00	0.04	50	0.00	-0.08	55	-0.03	-0.01	27	0.00	-0.12	-0.31	0.29
MULTIFAMILY	0.00	0.00	50	0.00	-0.02	53	0.00	0.01	53	0.00	0.02	0.03	0.07
NONFARM NONRESIDENTIAL	0.77	-0.03	98	-0.01	-0.05	50	0.14	-0.01	85	0.06	0.00	0.21	0.03
RE LOANS SECURED BY FARMLAND	0.00	-0.02	53	0.00	-0.01	52	0.00	0.03	37	0.00	-0.01	-0.07	-0.05
COMMERCIAL AND INDUSTRIAL LOANS	0.26	0.31	51	0.87	0.22	93	1.05	0.33	95	-0.15	0.24	-0.52	0.24
LOANS TO DEPOSITORY INSTITUTIONS	0.00	0.02	51	12.60	0.11	++	8.25	0.48	98	6.66	-0.04	-0.14	-0.01
LOANS TO INDIVIDUALS	2.37	1.77	78	2.61	2.06	69	2.34	1.75	72	2.28	2.27	2.71	1.95
CREDIT CARD LOANS	2.83	5.50	26	4.07	4.96	36	3.57	5.53	34	3.94	5.74	3.92	3.93
AGRICULTURAL LOANS	-0.45	0.05	7	-0.96	-0.07	6	-0.27	0.19	3	3.54	0.17	2.53	0.23
LOANS TO FOREIGN GOVERNMENTS & INST	0.00	-0.36	50	0.00	-0.04	51	0.00	0.34	41	0.00	-0.42	NA	-1.47
OTHER LOANS AND LEASES	0.02	0.46	27	0.06	0.27	41	0.08	0.30	36	0.07	0.25	0.01	0.24

---

## Allowance and Net Loan and Lease Losses

BHCPR page 12 provides information on loan and lease losses as well as provisions and allowance for credit losses. Data on this page are derived primarily from Schedule HI-B of the FR Y-9C.

The first section itemizes the dollar amounts of each source of change in the valuation reserve. The second section presents ratios that relate to the allowance for loan and lease losses, provision for loan and lease losses, charge-offs, and recoveries. The last section displays net charge-offs (annualized) as a percentage of various loan categories.

### **Change: Allowance for Credit Losses, Excluding Allocated Transfer Risk Reserve (\$000)**

#### *Beginning Balance*

The balance of the allowance for credit losses at the end of the previous calendar year.

#### *Gross Credit Losses*

Loans and leases charged against the allowance for credit losses, plus the amount of losses from off-balance-sheet credit exposures charged against any portions of the allowance for credit losses related to off-balance-sheet credit exposures.

#### *Recoveries*

Recoveries credited to the allowance for credit losses.

#### *Net Credit Losses*

Gross credit losses minus recoveries.

#### *Provision for Credit Losses*

The year-to-date provision for credit losses excluding the provision for allocated transfer risk.

#### *Foreign Currency Adjustments*

Any increase or decrease resulting

from the translation of the regular allowance for credit losses from a foreign-denominated currency into a dollar denomination.

#### *Adjustments Due to Mergers and Absorptions*

The net cumulative effect of all changes in the allowance for credit losses of a bank or other business acquired in a business combination during the reporting period.

#### *Other Adjustments*

All other allowable adjustments during the reporting period.

#### *Ending Balance*

The sum of the beginning allowance for credit losses, the provision for credit losses, adjustments due to foreign currency translation as well as mergers and absorptions, and other adjustments minus net credit losses.

#### *Allocated Transfer Risk Reserve (ATRR)*

The required reserve for allocated transfer risk as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 351 of the FDIC's Rules and Regulations, and Part 20 of the Comptroller of the Currency's Regulations), and in any guidelines, letters, or instructions issued by the agencies.

#### *Provision for Allocated Transfer Risk*

The year-to-date provision for allocated transfer risk.

### **Analysis Ratios**

#### *Provision for Losses/Average Assets*

Provision for credit losses including

the provision for allocated transfer risk divided by (four-point) average assets. (See the definition of average assets on page 3-13.)

#### *Provision for Losses/Average Loans and Leases*

Provision for credit losses including the provision for allocated transfer risk divided by (four-point) average loans and leases, net of unearned income. (See the definition of average loans and leases on page 3-13.)

#### *Provision for Losses/Net Losses*

Provision for credit losses and for allocated transfer risk divided by net credit losses.

#### *Loan and Lease Allowance/Total Loans and Leases*

The allowance for loan and lease losses, including the allocated transfer risk reserve, divided by loans and leases net of unearned income.

#### *Loan and Lease Allowance/Net Loan and Lease Losses (X)*

The allowance for loan and lease losses, including the allocated transfer risk reserve, divided by net loan and lease losses (annualized), including net losses charged against the allocated transfer risk reserve. The "X" in the ratio title indicates that this ratio is a coverage ratio that measures the number of times the allowance covers loan and lease losses. If recoveries exceed gross loan and lease losses, the BHCPR displays an "NA" in lieu of the ratio value or the percentile rank. (This ratio is not expressed as a percent and is, therefore, not multiplied by 100.)

#### *Allowance for Credit Losses/Nonaccrual Assets*

The allowance for credit losses including the allocated transfer risk reserve divided by the aggregate amount of nonaccrual assets.

---

*Loan and Lease Allowance/90 Days and over Past Due and Nonaccrual Loans and Leases*

The allowance for loan and lease losses including the allocated transfer risk reserve divided by the loans and leases on which payment is due and unpaid for 90 days or more or that are placed in nonaccrual status.

*Gross Loan and Lease Losses/Average Loans and Leases*

Loans and leases charged against the allowance for loan and lease losses (annualized) divided by (four-point) average loans and leases, net of unearned income. (See the definition of average loans and leases on page 3-13.)

*Recoveries/Average Loans and Leases*

Loan recoveries in the current year (annualized) divided by (four-point) average loans and leases, net of unearned income. (See the definition of average loans and leases on page 3-13.)

*Net Losses/Average Loans and Leases*

Gross loan and lease losses less recoveries divided by (four-point) average loans and leases, net of unearned income. (See the definition of average loans and leases on page 3-13.)

*Recoveries/Prior Year-End Losses*

Recoveries in the current year divided by gross loan and lease losses of the preceding calendar year.

*Earnings Coverage of Net Losses (X)*

The sum of income before taxes, minority interest, and extraordinary items, the provision for possible loan and lease losses, and the provision for allocated transfer risk divided by net credit losses (including charge-offs against the allocated transfer risk reserve). (This ratio is not expressed as a percent and is, therefore, not multiplied by 100.)

**Net Loan and Lease Losses by Type**

*(Net Losses, Percent of)  
Real Estate Loans*

Net losses (gross charge-offs minus recoveries) on real estate loans divided by real estate loans, gross of unearned income.

*(Net Losses, Percent of)  
Real Estate Loans Secured by 1-4 Family*

Net losses on real estate loans secured by one- to four-family residential properties divided by real estate loans secured by one- to four-family residential properties, gross of unearned income.

*(Net Losses, Percent of)  
Revolving*

Net losses on revolving open-end real estate loans secured by one- to four-family residential properties and extended under lines of credit divided by the outstanding balance of revolving open-end real estate loans secured by one- to four-family residential properties, gross of unearned income.

*(Net Losses, Percent of)  
Closed-End*

Net losses on other real estate loans secured by first and junior liens on one- to four-family residential properties divided by the outstanding balance of other real estate loans secured by first and junior liens on one- to four-family residential properties, gross of unearned income.

*(Net Losses, Percent of)  
Commercial Real Estate Loans*

Net losses on construction and land development loans and real estate loans secured by multifamily residential properties and nonfarm nonresidential properties divided by the sum of the outstanding balances,

gross of unearned income, of the same commercial real estate loan categories.

*(Net Losses, Percent of)  
Construction and Land Development*

Net losses on construction and land development loans divided by the outstanding balance of construction and land development loans, gross of unearned income.

*(Net Losses, Percent of)  
Multifamily*

Net losses on real estate loans secured by multifamily (five dwelling units or more) residential properties divided by the outstanding balance of real estate loans secured by multifamily residential properties, gross of unearned income.

*(Net Losses, Percent of)  
Nonfarm Nonresidential*

Net losses on real estate loans secured by nonfarm nonresidential properties divided by the outstanding balance of real estate loans secured by nonfarm nonresidential properties, gross of unearned income.

*(Net Losses, Percent of)  
Real Estate Loans Secured by Farmland*

Net losses on real estate loans secured by farmland divided by the outstanding balance of real estate loans secured by farmland, gross of unearned income.

*(Net Losses, Percent of)  
Commercial and Industrial Loans*

Net losses on commercial and industrial loans divided by commercial and industrial loans, gross of unearned income.

*(Net Losses, Percent of)  
Loans to Depository Institutions*

Net losses on loans to depository institutions divided by loans to depository institutions, gross of unearned income.

---

*(Net Losses, Percent of)*  
*Loans to Individuals*

Net losses on consolidated loans to individuals divided by loans to individuals, gross of unearned income.

*(Net Losses, Percent of)*  
*Credit Card Loans*

Net losses on credit cards and related plans including check credit and other revolving credit plans divided by the outstanding balance of

credit card loans, gross of unearned income.

*(Net Losses, Percent of)*  
*Agricultural Loans*

Net losses on agricultural loans divided by agricultural loans, gross of unearned income.

*(Net Losses, Percent of)*  
*Loans to Foreign Governments and Institutions*

Net losses on loans to foreign gov-

ernments and official institutions divided by loans to foreign governments and official institutions, gross of unearned income.

*(Net Losses, Percent of)*  
*Other Loans and Leases*

Net losses on other loans and leases divided by other loans and leases, gross of unearned income.

1234567 SAMPLE BANK HOLDING COMPANY  
 RICHMOND VA FR DIS: 5  
 ASSETS: 14,928,373 PEER: 01

PAST DUE AND NONACCRUAL ASSETS

PAGE 13

90+ DAYS PD & NONACCR LNS&LS (\$000)

	mmm yyyy	mmm yyyy	yyyy	yyyy	yyyy
90 DAYS AND OVER PAST DUE LNS&LS	21,731	24,351	20,798	25,008	34,866
NONACCRUAL LOANS & LEASES	157,090	86,793	131,885	89,252	72,434
RESTR LNS & LS IN COMPLIANCE	17,302	1,639	45,463	1,639	0
REAL ESTATE ACQUIRED (REACQ)	6,225	6,131	5,648	6,151	10,711
OTHER ASSETS - 90+ DAYS PAST DUE	0	0	0	0	0
- NONACCRUAL	0	0	0	0	0

90+ DAYS PAST DUE & NONACCRUAL LOANS AND LEASES AS A PERCENT OF LOAN TYPE

	BHC	PEER 01	PCT	BHC	PEER 01	PCT	BHC	PEER 01	PCT	BHC	PEER 01	PCT	BHC	PEER 01	PCT
REAL ESTATE LOANS - 90+ DAYS PD	0.09	0.22	37	0.25	0.18	71	0.11	0.22	41	0.17	0.19	0.33	0.33	0.21	0.21
- NONACCRUAL	1.64	0.67	93	1.01	0.78	71	1.06	0.67	85	0.82	0.86	0.71	0.71	0.95	0.95
COML AND INDL LOANS - 90+ DAYS PD	0.33	0.10	91	0.15	0.09	79	0.24	0.11	90	0.24	0.11	0.40	0.40	0.12	0.12
- NONACCRUAL	2.41	0.82	96	0.95	0.67	78	1.96	0.75	95	1.33	0.61	1.04	1.04	0.72	0.72
LOANS TO INDIVIDUALS - 90+ DAYS PD	0.83	0.58	78	0.91	0.70	68	0.85	0.66	74	1.00	0.72	1.08	1.08	0.80	0.80
- NONACCRUAL	0.54	0.35	75	0.84	0.26	88	0.76	0.30	88	0.78	0.25	1.01	1.01	0.20	0.20
LOANS TO DEP INST - 90+ DAYS PD	0.00	0.05	44	0.00	0.00	50	0.00	0.00	49	0.00	0.00	0.00	0.00	0.00	0.00
- NONACCRUAL	0.00	0.17	41	0.00	0.03	43	0.00	0.09	41	0.00	0.03	0.00	0.00	0.03	0.03
AGRICULTURAL LOANS - 90+ DAYS PD	0.20	0.20	64	0.08	0.19	66	0.00	0.08	28	0.00	0.13	0.04	0.04	0.20	0.20
- NONACCRUAL	0.20	1.31	40	10.52	1.46	98	0.42	1.03	50	11.03	1.50	17.24	17.24	1.55	1.55
LNS TO FOREIGN GOVTS - 90+ DAYS PD	0.00	0.31	45	0.00	0.00	50	0.00	0.00	50	0.00	0.00	NA	NA	0.00	0.00
- NONACCRUAL	0.00	0.40	38	0.00	0.06	45	0.00	1.74	40	0.00	0.06	NA	NA	0.09	0.09
TOTAL LOANS AND LS - 90+ DAYS PD	0.23	0.22	57	0.26	0.26	60	0.22	0.23	54	0.27	0.28	0.41	0.41	0.29	0.29
- NONACCRUAL	1.67	0.63	95	0.93	0.56	91	1.37	0.59	90	0.96	0.55	0.85	0.85	0.62	0.62

MEMORANDA

RE LNS SEC BY 1-4 FAM - 90+ DAYS PD	0.15	0.30	40	0.23	0.22	58	0.18	0.29	43	0.29	0.24	0.29	0.29	0.26	0.26
- NONACCRUAL	1.61	0.58	93	1.56	0.61	93	1.47	0.67	91	1.35	0.63	1.06	1.06	0.66	0.66
REVOLVING - 90+ DAYS PD	0.04	0.17	33	0.02	0.16	25	0.05	0.21	34	0.08	0.15	0.03	0.03	0.17	0.17
- NONACCRUAL	0.71	0.27	88	0.36	0.20	79	0.55	0.21	90	0.27	0.18	0.18	0.18	0.20	0.20
CLOSED-END - 90+ DAYS PD	0.17	0.33	41	0.25	0.23	65	0.20	0.30	46	0.31	0.26	0.33	0.33	0.27	0.27
- NONACCRUAL	1.72	0.62	93	1.69	0.68	93	1.58	0.72	90	1.47	0.70	1.18	1.18	0.73	0.73
COMMERCIAL RE LOANS - 90+ DAYS PD	0.04	0.12	42	0.39	0.14	85	0.04	0.13	47	0.03	0.14	0.57	0.57	0.17	0.17
- NONACCRUAL	1.60	0.88	88	0.51	1.18	36	0.68	0.94	54	0.26	1.24	0.35	0.35	1.53	1.53
CONST AND LAND DEV - 90+ DAYS PD	0.05	0.17	53	0.00	0.14	21	0.15	0.11	69	0.00	0.19	0.18	0.18	0.13	0.13
- NONACCRUAL	0.94	0.73	81	2.18	1.27	82	1.01	0.80	86	0.35	1.47	0.12	0.12	2.34	2.34
MULTIFAMILY - 90+ DAYS PD	0.00	0.09	30	0.00	0.04	31	0.00	0.15	30	0.00	0.05	0.00	0.00	0.08	0.08
- NONACCRUAL	0.00	0.76	10	0.00	0.95	5	0.00	0.74	9	0.36	0.89	0.00	0.00	1.14	1.14
NONFARM NONRES - 90+ DAYS PD	0.04	0.09	40	0.51	0.15	90	0.00	0.11	27	0.04	0.14	0.70	0.70	0.14	0.14
- NONACCRUAL	1.90	1.12	86	0.10	1.30	5	0.60	1.04	44	0.24	1.46	0.42	0.42	1.63	1.63
RE LNS SEC BY FARMLAND - 90+ DAYS PD	0.00	0.13	29	3.72	0.10	++	0.00	0.24	30	3.85	0.18	0.00	0.00	0.15	0.15
- NONACCRUAL	0.00	1.66	17	0.00	1.32	16	0.00	1.20	16	0.00	1.30	6.39	6.39	1.96	1.96
CREDIT CARD LOANS - 90+ DAYS PD	1.37	1.05	69	0.79	1.33	29	0.95	1.17	46	0.74	1.27	0.80	0.80	1.35	1.35
- NONACCRUAL	0.01	0.45	60	0.28	0.14	84	0.05	0.40	67	0.21	0.14	0.09	0.09	0.08	0.08

90+ DAYS PD+NONAC+REACQ AS PERCENT OF

TOTAL ASSETS	1.24	0.58	95	0.79	0.56	83	1.05	0.56	91	0.80	0.57	0.84	0.84	0.73	0.73
ALLOWANCE FOR LOAN & LEASE LOSSES	88.40	57.49	88	66.94	52.69	78	74.94	56.35	80	69.06	53.39	70.33	70.33	58.62	58.62
EQUITY CAPITAL + ALLOW FOR CR LOSSES	13.06	6.40	93	8.89	6.51	86	11.33	6.19	91	9.32	6.70	9.56	9.56	7.68	7.68
TIER 1 CAPITAL + ALLOW FOR CR LOSSES	13.91	7.22	95	9.44	6.79	85	12.04	7.07	91	9.94	6.91	9.28	9.28	8.01	8.01
LOANS & LEASES + RE ACQUIRED	1.96	0.94	93	1.26	0.96	85	1.64	0.92	88	1.29	0.97	1.38	1.38	1.16	1.16

---

## Past Due and Nonaccrual Assets

BHCPR page 13 contains publicly available information on the dollar volume of assets that are 90 days past due or in nonaccrual status, restructured loans and leases in compliance with modified terms, and real estate that were acquired in satisfaction of debts previously contracted. In addition, the proportion of loans that are 90 days or more past due or in nonaccrual status are presented relative to the corresponding loan balance of each loan category.

At the bottom of the report page, the sum of loans and leases that are 90 days and over past due and still accruing interest, nonaccrual loans and leases, and real estate acquired in satisfaction of debt previously contracted are expressed as a percentage of total assets, allowance for loan and lease losses, equity capital plus allowance for credit losses, Tier 1 capital plus allowance for credit losses, as well as loans and leases plus real estate acquired in satisfaction of debt previously contracted.

Information printed on this report page is primarily derived from Schedule HC-H of the FR Y-9C report form.

(Note: In the regulatory version of the BHCPR, this page is replaced by two report pages that contain restricted information. The two report pages are entitled "Past Due and Nonaccrual Assets" (BHCPR Page 13) and "Past Due and Nonaccrual Loans and Leases, by Loan Type" (BHCPR page 13A). See Appendix A for a description of line items found in these report pages.)

### 90 Days and over Past Due and Nonaccrual Loans and Leases (\$000)

#### *90 Days and over Past Due Loans and Leases*

Loans and lease financing receivables on which either interest or principal is unpaid for 90 days or more and

that are not required to be carried in nonaccrual status.

#### *Nonaccrual Loans and Leases*

Loans and lease financing receivables that are required to be reported on a nonaccrual basis because (a) they are maintained on a cash basis due to a deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for 90 days or longer, unless the obligation is both well secured and in the process of collection.

#### *Restructured Loans and Leases in Compliance*

Loans and lease financing receivables that have been restructured or renegotiated because of a deterioration in the financial position of the obligor but remain in compliance with the modified terms of the restructuring.

#### *Real Estate Acquired (REACQ)*

Real estate acquired in satisfaction of debts previously contracted. It includes investments, loans, sales contracts, and other assets based on properties, which are considered sold or transferred, where there exists a likelihood that the properties will have to be taken over by the bank holding company (BHC) or its subsidiaries and properties sold or transferred for which someone other than the BHC or its subsidiaries takes title for the convenience of the BHC or its subsidiaries.

#### *Other Assets—90 Days and over Past Due*

Assets (other than loans and leases, real estate owned, or other repossessed assets) including placements and debt securities on which interest or principal is due and unpaid for 90 days or more.

#### *Other Assets—Nonaccrual*

Assets (other than loans and leases, real estate owned or other repossessed assets) including placements

and debt securities that are in nonaccrual status.

### 90 Days and over Past Due and Nonaccrual Loans and Leases as a Percent of Loan Type

#### *Real Estate Loans—90 Days and over Past Due (Percent of Real Estate Loans)*

Real estate loans on which interest or principal is due and unpaid for 90 days or more divided by real estate loans, gross of unearned income.

#### *Real Estate Loans—Nonaccrual (Percent of Real Estate Loans)*

Real estate loans that are in nonaccrual status divided by real estate loans, gross of unearned income.

#### *Commercial and Industrial Loans—90 Days and over Past Due (Percent of Commercial and Industrial Loans)*

Commercial and industrial loans on which interest or principal is due and unpaid for 90 days or more divided by commercial and industrial loans, gross of unearned income.

#### *Commercial and Industrial Loans—Nonaccrual (Percent of Commercial and Industrial Loans)*

Commercial and industrial loans that are in nonaccrual status divided by commercial and industrial loans, gross of unearned income.

#### *Loans to Individuals—90 Days and over Past Due (Percent of Loans to Individuals)*

Loans to individuals on which interest or principal is due and unpaid for 90 days or more divided by total loans to individuals, gross of unearned income.

*Loans to Individuals—Nonaccrual  
(Percent of Loans to Individuals)*

Loans to individuals that are in nonaccrual status divided by loans to individuals, gross of unearned income.

*Loans to Depository Institutions—  
90 Days and over Past Due  
(Percent of Loans to Depository  
Institutions)*

Loans to depository institutions on which interest or principal is due and unpaid for 90 days or more divided by loans to depository institutions, gross of unearned income.

*Loans to Depository Institutions—  
Nonaccrual  
(Percent of Loans to Depository  
Institutions)*

Loans to depository institutions that are in nonaccrual status divided by loans to depository institutions, gross of unearned income.

*Agricultural Loans—  
90 Days and over Past Due  
(Percent of Agricultural Loans)*

Agricultural loans on which interest or principal is due and unpaid for 90 days or more divided by agricultural loans, gross of unearned income.

*Agricultural Loans—Nonaccrual  
(Percent of Agricultural Loans)*

Agricultural loans that are in nonaccrual status divided by agricultural loans, gross of unearned income.

*Loans to Foreign Governments and  
Institutions—90 Days and over  
Past Due  
(Percent of Loans to Foreign  
Governments and Institutions)*

Loans to foreign governments and official institutions on which interest or principal is due and unpaid for 90 days or more divided by loans to foreign governments and official institutions, gross of unearned income.

*Loans to Foreign Governments and  
Institutions—Nonaccrual  
(Percent of Loans to Foreign  
Governments and Institutions)*

Loans to foreign governments and official institutions that are in non-accrual status divided by loans to foreign governments and official institutions, gross of unearned income.

*Total Loans and Leases—  
90 Days and over Past Due  
(Percent of Total Loans and Leases)*

Loans and leases on which interest or principal is due and unpaid for 90 days or more divided by total loans and leases, net of unearned income.

*Total Loans and Leases—Nonaccrual  
(Percent of Total Loans and Leases)*

Loans and leases in nonaccrual status divided by loans and leases, net of unearned income.

**Memoranda**

*Real Estate Loans Secured by 1–4  
Family—90 Days and over Past Due  
(Percent of Real Estate Loans Secured  
by 1–4 Family)*

Real estate loans secured by one- to four-family residential properties that are 90 days or more past due divided by real estate loans secured by one- to four-family residential properties, gross of unearned income.

*Real Estate Loans Secured by 1–4  
Family—Nonaccrual  
(Percent of Real Estate Loans Secured  
by 1–4 Family)*

Real estate loans secured by one- to four-family residential properties that are in nonaccrual status divided by real estate loans secured by one- to four-family residential properties, gross of unearned income.

*Revolving—90 Days and over  
Past Due  
(Percent of Revolving Real Estate  
Loans Secured by 1–4 Family)*

Revolving open-end real estate loans

secured by one- to four-family residential properties and extended under lines of credit that are 90 days or more past due divided by the outstanding balance of revolving open-end real estate loans secured by one- to four-family residential properties, gross of unearned income.

*Revolving—Nonaccrual  
(Percent of Revolving Real Estate  
Loans Secured by 1–4 Family)*

Nonaccrual revolving open-end real estate loans secured by one- to four-family residential properties and extended under lines of credit divided by the outstanding balance of revolving open-end real estate loans secured by one- to four-family residential properties, gross of unearned income.

*Closed-End—90 Days and over  
Past Due  
(Percent of Closed-End Real Estate  
Loans Secured by 1–4 Family)*

Other real estate loans secured by first and junior liens on one- to four-family residential properties that are 90 days or more past due divided by the outstanding balance of other real estate loans secured by first and junior liens on one- to four-family residential properties, gross of unearned income.

*Closed-End—Nonaccrual  
(Percent of Closed-End Real Estate  
Loans Secured by 1–4 Family)*

Other real estate loans secured by first and junior liens on one- to four-family residential properties that are in nonaccrual status divided by the outstanding balance of other real estate loans secured by first and junior liens on one- to four-family residential properties, gross of unearned income.

*Commercial Real Estate Loans—  
90 Days and over Past Due  
(Percent of Commercial Real Estate  
Loans)*

Commercial real estate loans consisting of construction and land development loans and real estate loans

secured by multifamily residential properties and nonfarm nonresidential properties that are 90 days or more past due divided by the sum of the outstanding balances, gross of unearned income, of the same commercial real estate loan categories.

*Commercial Real Estate Loans—  
Nonaccrual  
(Percent of Commercial Real Estate  
Loans)*

Nonaccrual commercial real estate loans consisting of construction and land development loans and real estate loans secured by multifamily residential properties and nonfarm nonresidential properties divided by the sum of the outstanding balances, gross of unearned income, of the same commercial real estate loan categories.

*Construction and Land Development—  
90 Days and over Past Due  
(Percent of Construction and Land  
Development Loans)*

Construction and land development loans that are 90 days or more past due divided by the outstanding balance of construction and land development loans, gross of unearned income.

*Construction and Land Development—  
Nonaccrual  
(Percent of Construction and Land  
Development Loans)*

Construction and land development loans in nonaccrual status divided by the outstanding balance of construction and land development loans, gross of unearned income.

*Multifamily—90 Days and over  
Past Due  
(Percent of Multifamily Real Estate  
Loans)*

Real estate loans secured by multifamily residential properties that are 90 days or more past due divided by the outstanding balance of real estate loans secured by multifamily residential properties, gross of unearned income.

*Multifamily—Nonaccrual  
(Percent of Multifamily Real Estate  
Loans)*

Nonaccrual real estate loans secured by multifamily residential properties divided by the outstanding balance of real estate loans secured by multifamily residential properties, gross of unearned income.

*Nonfarm Nonresidential—  
90 Days and over Past Due  
(Percent of Nonfarm Nonresidential  
Loans)*

Real estate loans secured by nonfarm nonresidential properties that are 90 days or more past due divided by the outstanding balance of real estate loans secured by nonfarm nonresidential properties, gross of unearned income.

*Nonfarm Nonresidential—Nonaccrual  
(Percent of Nonfarm Nonresidential  
Loans)*

Nonaccrual real estate loans secured by nonfarm nonresidential properties divided by the outstanding balance of real estate loans secured by nonfarm nonresidential properties, gross of unearned income.

*Real Estate Loans Secured by  
Farmland—90 Days and over Past Due  
(Percent of Real Estate Loans Secured  
by Farmland)*

Real estate loans secured by farmland that are 90 days or more past due divided by the outstanding balance of real estate loans secured by farmland, gross of unearned income.

*Real Estate Loans Secured by  
Farmland—Nonaccrual  
(Percent of Real Estate Loans Secured  
by Farmland)*

Nonaccrual real estate loans secured by farmland divided by the outstanding balance of real estate loans secured by farmland, gross of unearned income.

*Credit Card Loans—  
90 Days and over Past Due  
(Percent of Credit Card Loans)*

Credit cards and related plans, including check credit and other revolving credit plans, on which interest or principal is due and unpaid for 90 days or more divided by the outstanding balance of credit card loans, gross of unearned income.

*Credit Card Loans—Nonaccrual  
(Percent of Credit Card Loans)*

Nonaccrual credit cards and related plans including check credit and other revolving credit plans divided by the outstanding balance of credit card loans, gross of unearned income.

**90 Days and over Past Due Plus  
Nonaccrual Loans and Leases  
Plus Real Estate Acquired as  
Percent of**

*(90 Days and over Past Due Plus  
Nonaccrual Loans and Leases Plus  
Real Estate Acquired as Percent of)  
Total Assets*

The sum of loans and leases that are 90 days or more past due or in nonaccrual status and real estate acquired in satisfaction of debt previously contracted divided by total assets.

*(90 Days and over Past Due Plus  
Nonaccrual Loans and Leases Plus  
Real Estate Acquired as Percent of)  
Allowance for Loan and Lease Losses*

The sum of loans and leases that are 90 days or more past due or in nonaccrual status and real estate acquired in satisfaction of debt previously contracted divided by the allowance for loan and lease losses including the allocated transfer risk reserve.

*(90 Days and over Past Due Plus  
Nonaccrual Loans and Leases Plus  
Real Estate Acquired as Percent of)  
Equity Capital Plus Allowance for  
Credit Losses*

The sum of loans and leases that are 90 days or more past due or in



---

nonaccrual status and real estate acquired in satisfaction of debt previously contracted divided by the sum of equity capital and allowance for credit losses.

*(90 Days and over Past Due Plus Nonaccrual Loans and Leases Plus Real Estate Acquired as Percent of Tier 1 Capital Plus Allowance for Credit Losses*

The sum of loans and leases that are 90 days or more past due or in non-

accrual status and real estate acquired in satisfaction of debt previously contracted divided by the sum of Tier 1 capital and allowance for credit losses.

*(90 Days and over Past Due Plus Nonaccrual Loans and Leases Plus Real Estate Acquired as Percent of Loans and Leases Plus Real Estate Acquired*

The sum of loans and leases that are 90 days or more past due or in non-

accrual status and real estate acquired in satisfaction of debt previously contracted divided by the sum of loans and leases, net of unearned income, and real estate acquired in satisfaction of debt previously contracted.

1234567 SAMPLE BANK HOLDING COMPANY  
 RICHMOND VA FR DIS: 5  
 ASSETS: 14,928,373 PEER: 01

RISK-BASED CAPITAL

PAGE 14

RISK-BASED CAPITAL (\$000)	mm yyyy	mm yyyy	yyyy	yyyy	yyyy
COMMON EQUITY	1,204,321	1,139,543	1,183,731	1,111,385	1,063,870
QUAL PERPETUAL PREFERRED STOCK	100,000	100,000	100,000	100,000	100,000
MINORITY INTEREST, EXCL TRUST PREFERRED STK	4,849	5,824	7,394	5,758	9,307
PERMANENT CORE CAPITAL	1,309,170	1,245,367	1,291,125	1,217,143	1,173,177
LESS: GOODWILL	168,944	158,424	168,352	161,028	66,035
LESS: NONGRANDFATHERED IDENT INTANG ASTS	17,455	18,845	17,802	19,194	2,312
LESS: AMT OF MSA, PCCR, & NMSA > REG LIMIT	1,579	541	726	151	526
LESS: DEFERRED TAX ASTS IN EXC OF REG LIMIT	0	0	0	0	0
TIER 1 CAPITAL	1,121,192	1,067,557	1,104,245	1,036,770	1,104,304
QUAL PERPETUAL PREFERRED STOCK	0	0	0	0	0
QUAL SUBORDINATED DEBT & INTERM PFD STOCK	218,734	118,767	95,041	118,755	118,707
PERPETUAL DEBT, NET MCS & QUAL LT PFD STOCK	0	0	0	0	0
ELIGIBLE NET UNRLZD HLDING GNS ON AFS EQ SEC	0	0	0	0	0
QUAL ALLOWANCE FOR CREDIT LOSSES	144,630	137,653	147,149	139,371	131,024
TIER 2 CAPITAL	363,364	256,420	242,190	258,126	249,731
TIER 3 CAPITAL	0	0	0	NA	NA
TOTAL RB CAPITAL BEFORE DEDUCTIONS	1,484,555	1,323,976	1,346,435	1,294,896	1,354,035
LESS: RECIPROCAL CAPITAL HOLDINGS	0	0	0	0	0
LESS: INV IN UNCONS BKG & FIN SUBS	2,992	2,089	2,541	1,866	0
TOTAL RISK-BASED CAPITAL	1,481,563	1,321,887	1,343,894	1,293,030	1,354,035
RISK-WEIGHTED ASSETS ON-BAL-SHEET(\$000):					
RISK ASSETS WEIGHTED AT 20%	810,445	661,402	688,754	736,860	755,873
RISK ASSETS WEIGHTED AT 50%	1,237,456	1,325,886	1,315,002	1,326,994	1,270,056
RISK ASSETS WEIGHTED AT 100%	7,531,410	7,270,154	7,660,580	7,279,852	6,578,289
TOTAL ON-B/S RISK-WEIGHTED ASSETS	9,579,311	9,257,442	9,664,336	9,343,706	8,604,218
RISK-WEIGHTED ASSETS OFF-BAL-SHEET(\$000):					
CREDIT EQUIV WEIGHTED AT 20%	22,853	0	0	0	0
CREDIT EQUIV WEIGHTED AT 50%	229,746	290,989	239,328	309,836	331,772
CREDIT EQUIV WEIGHTED AT 100%	1,757,853	1,483,480	1,887,593	1,515,782	1,548,760
TOTAL OFF-B/S RISK-WEIGHTED ASSETS	2,010,452	1,774,469	2,126,921	1,825,618	1,880,532
LESS: EXCESS MSA, PCCR, NMSA & ID INTAN AST	19,034	19,386	19,201	19,345	2,838
LESS: NET UNRLZD LOSS/GAIN ON MKTBL EQ SEC	-369	-313	-125	-337	0
LESS: DEFERRED TAX ASTS IN EXC OF REG LIMIT	0	0	0	0	0
TOTAL CREDIT RISK-WEIGHTED ASSETS	11,570,360	NA	NA	NA	NA
MARKET RISK EQUIVALENT ASSETS	0	0	0	NA	NA
GROSS RISK-WEIGHTED ASSETS	11,570,360	11,012,212	11,771,931	11,149,642	10,481,912
LESS: EXCESS ALLOW FOR CREDIT LOSSES	64,700	37,541	64,127	34,991	36,771
LESS: ALLOC TRANSFER RISK RESERVE	0	0	0	0	0
NET RISK-WEIGHTED ASSETS	11,505,660	10,974,670	11,707,804	11,114,651	10,445,141
MEMORANDA:					
ON-BALANCE-SHEET ASTS WITH 0% WEIGHT	907,219	1,544,361	1,323,426	1,389,267	1,213,288
OFF-B/S ASTS(CR EQUIV) WITH 0% WEIGHT	0	0	0	0	0
CREDIT EQUIV OF OFF-B/S DERIV CONTR	27,210	34,869	20,528	44,673	9,903
MORTGAGE SERVICING ASSETS	13,612	7,708	11,752	2,955	5,257
PCCRS AND NMSAS	598	NA	673	NA	NA
ALL OTHER IDENTIFIABLE INTANG ASSETS	34,316	38,369	36,002	39,383	25,164
CAPITAL RATIOS	BHC	PEER 01	PCT	BHC	PEER 01
TIER 1 LEVERAGE RATIO	7.57	7.27	63	7.41	7.47
TIER 1 RBC RATIO	9.74	9.25	62	9.73	9.48
TOTAL RISK-BASED CAPITAL RATIO	12.88	12.10	81	12.04	12.75
TANGIBLE TIER 1 LEVERAGE RATIO	7.39	6.86	63	7.24	7.05
TANGIBLE COMMON EQ CAP/TAN ASSETS	6.73	5.94	68	6.45	6.04

---

## Risk-Based Capital

BHCPR page 14 presents the risk-based capital ratios and the components of total risk-based capital and risk-weighted assets for bank holding companies with consolidated assets of \$150 million or more. In addition, this page provides information on the total amounts of balance sheet and off-balance-sheet items that are assigned to the zero percent credit risk category, the credit equivalent amounts of off-balance-sheet derivative contracts, and the amounts of market risk equivalent assets.

For a complete description of the Federal Reserve Board's risk-based capital adequacy guidelines for bank holding companies, please refer to Appendices A and E of Regulation Y, 12 C.F.R. 225. Risk-based capital data provided on this page are derived primarily from Schedules HC, HC-I, and HC-IC of the FR Y-9C report form.

### Risk-Based Capital (\$000)

#### *Common Equity*

Stockholders' equity minus the sum of perpetual preferred stock (net of treasury stock in the form of perpetual preferred stock), net unrealized holding gains (losses) on available-for-sale securities, and net unrealized loss on equity securities with readily determinable fair values (net of tax effect).

#### *Qualifying Perpetual Preferred Stock (for Tier 1 Capital)*

The sum of noncumulative perpetual preferred stock, cumulative perpetual preferred stock deemed by the Federal Reserve Board to be Tier 1 capital, and cumulative preferred stock (trust preferred stock) reported in minority interest in consolidated subsidiaries. The amount of cumulative perpetual preferred stock that can qualify for Tier 1 capital is limited to one-third of the sum of common equity, minority interest in consoli-

dated subsidiaries (excluding trust preferred stock), and noncumulative perpetual preferred stock.

#### *Minority Interest in Consolidated Subsidiaries, Excluding Trust Preferred Stock*

The portion of the subsidiaries' equity accounts that must be allocated by the bank holding company to minority shareholders of such subsidiaries minus cumulative preferred stock (or trust preferred stock) included in minority interest.

#### *Permanent Core Capital*

The sum of common equity, non-cumulative perpetual preferred stock, cumulative perpetual preferred stock that qualifies for Tier 1 capital, and minority interest in consolidated subsidiaries, net of trust preferred stock.

#### *Goodwill*

The unamortized amount of goodwill, which is the excess of cost over the fair values of tangible assets and identifiable intangible assets acquired less the fair value of liabilities assumed in a business combination that was accounted for as a purchase.

#### *Nongrandfathered Other Identifiable Intangible Assets*

The unamortized amount of other specifically identifiable intangible assets other than goodwill, mortgage servicing assets, purchased credit card relationships, and nonmortgage servicing assets (e.g., core deposit intangibles, favorable leasehold rights, and organization costs) minus the portion recorded on the consolidated bank holding company's balance sheet on or before February 19, 1992.

#### *Excess Mortgage Servicing Assets, Purchased Credit Card Relationships, and Nonmortgage Servicing Assets*

The sum of: (1) the excess of the book

value of mortgage servicing assets (MSAs) over the amount eligible for Tier 1 capital, (2) the excess of the book value of purchased credit card relationships (PCCRs) and non-mortgage servicing assets (NMSAs) over the amount eligible for Tier 1 capital, and (3) the excess of the amount of eligible (for Tier 1 capital) MSAs, PCCRs, and NMSAs over the aggregate regulatory limit which is 100% of permanent core capital, net of goodwill and other identifiable intangible assets.

Mortgage servicing assets result from acquiring contracts to service loans secured by real estate. The amount of MSAs eligible for Tier 1 capital is based on the lowest of the following amounts: the book value of MSAs, 90 percent of the fair market value of MSAs, or 100 percent of permanent core capital, net of goodwill and other identifiable intangible assets.

NMSAs result from contracts to service financial assets other than loans secured by real estate.

PCCRs generally arise from payments in excess of the value of purchased credit card receivables. PCCRs are also associated with the right to provide credit card services to credit cardholders. The amount of PCCRs and NMSAs eligible for Tier 1 capital is determined by whichever is the lowest of the following: the book value of the PCCRs and NMSAs, 90 percent of the fair market value of the PCCRs and NMSAs, or 25 percent of permanent core capital (net of goodwill and other identifiable intangible assets).

#### *Deferred Tax Assets in Excess of the Regulatory Capital Limit*

The amount of deferred tax assets (net of any valuation allowance) in excess of the lesser of a) deferred tax assets that depend on future taxable income that is expected to be realized within one year of the quarter-end report date based on the BHC's projected future taxable

income for that year or b) ten percent of the BHC's Tier 1 capital (net of good-will and all identifiable intangible assets other than mortgage servicing assets and purchased credit card relationships, but before deducting any disallowed deferred tax assets).

#### *Tier 1 Capital*

The sum of common equity, non-cumulative perpetual preferred stock, cumulative perpetual preferred stock that qualifies as Tier 1 capital, and minority interest in consolidated subsidiaries (excluding trust preferred stock) less the sum of good-will, excess MSAs, NMSAs, and PCCRs, nongrandfathered other identifiable intangible assets, and deferred tax assets in excess of the regulatory capital limit.

(Note: Prior to December 1995, data on excess deferred tax assets are not available.)

#### *Qualifying Perpetual Preferred Stock (for Tier 2 Capital)*

The sum of auction rate preferred stock and the excess of cumulative perpetual preferred stock over the amount deemed by the Federal Reserve to be eligible for Tier 1 capital.

#### *Qualifying Subordinated Debt and Intermediate-Term Preferred Stock*

The discounted amount of subordinated debt and intermediate-term preferred stock, which must not exceed 50 percent of Tier 1 capital. The discount factors applied to subordinated debt, unsecured long-term debt that qualified as secondary capital when issued prior to March 1988, and intermediate-term preferred stock, including the portion dedicated to retire or redeem mandatory convertible securities, are: 100 percent for maturities over 5 years, 80 percent for maturities 4 to less than 5 years, 60 percent for maturities 3 to less than 4 years, 40 percent for maturities 2 to less than 3 years, and 20 percent for maturities 1 to less than 2 years.

#### *Perpetual Debt, Net Mandatory Convertible Securities, and Qualifying Long-Term Preferred Stock*

Total perpetual debt, undedicated portions of mandatory convertible securities, and long-term preferred stock with an original maturity of 20 years or more that qualify for supplementary capital, after discounting. Bank holding companies use the following quantitative factors to discount long-term preferred stock: 100 percent for maturities over 5 years, 80 percent for maturities 4 to less than 5 years, 60 percent for maturities 3 to less than 4 years, 40 percent for maturities 2 to less than 3 years, and 20 percent for maturities 1 to less than 2 years.

#### *Eligible Net Unrealized Holding Gains on AFS Equity Securities*

Forty-five (45) percent of pretax net unrealized holding gains (that is, of the fair value over historical cost) on available-for-sale equity securities with readily determinable fair values. This is an optional designation; however, if an institution opts to include an amount of unrealized holding gains in its Tier 2 capital, it must also include that amount in its risk-weighted assets.

#### *Qualifying Allowance for Credit Losses*

The amount of allowance for credit losses, excluding the allocated transfer risk reserve. The limit on the amount of allowance for loan and lease losses that qualifies for Tier 2 capital is 1.25 percent of gross risk-weighted assets.

#### *Tier 2 Capital*

The sum of qualifying subordinated debt, intermediate-term preferred stock, and unsecured long-term debt including the dedicated portion of mandatory convertible securities, perpetual preferred stock qualifying for Tier 2 capital, perpetual debt, net mandatory convertible securities, long-term limited-life preferred stock qualifying for Tier 2 capital, and allowance for credit losses eligible

for Tier 2 capital. (Note: Tier 2 capital cannot exceed Tier 1 capital.)

#### *Tier 3 Capital*

The amount of qualifying subordinated debt of bank holding companies that are subject to the market risk guidelines pursuant to 12 C.F.R. 225, Appendix E.

#### *Total Risk-Based Capital before Deductions*

The sum of Tier 1 capital and Tier 2 capital, and where applicable, Tier 3 capital.

#### *Reciprocal Capital Holdings*

Reciprocal holdings of banking organizations' capital instruments that qualify for Tier 1 or Tier 2 capital including common stockholders' equity, cumulative and noncumulative perpetual preferred stock, hybrid capital instruments, perpetual debt, mandatory convertible securities, subordinated debt and intermediate-term preferred stock with original weighted average maturity of 5 years or more, and long-term preferred stock with original weighted average maturity of 20 years or more.

#### *Investment in Unconsolidated Banking and Finance Subsidiaries*

Amount of investments (equity and debt capital instruments) by the parent holding company or its direct or indirect subsidiaries in banking and finance subsidiaries, whose financial statements are not consolidated for accounting or regulatory purposes.

#### *Total Risk-Based Capital*

Total risk-based capital before deductions minus the sum of reciprocal holdings of banking organizations' capital instruments and capital investments in unconsolidated banking and finance subsidiaries or associated companies controlled by the banking organization. For certain BHCs, this ratio reflects capital charges for certain market risks.

## Risk-Weighted Assets

### *On-Balance-Sheet Risk Assets Weighted at 20%*

Gross assets reported in Schedule HC-I of the FR Y-9C that are weighted at 20 percent.

### *On-Balance-Sheet Risk Assets Weighted at 50%*

Gross assets reported in Schedule HC-I of the FR Y-9C that are weighted at 50 percent.

### *On-Balance-Sheet Risk Assets Weighted at 100%*

Gross assets reported in Schedule HC-I of the FR Y-9C that are weighted at 100 percent.

### *Total On-Balance-Sheet Risk-Weighted Assets*

The sum of gross on-balance-sheet assets that are risk-weighted at 20 percent, 50 percent, or 100 percent.

### *Credit Equivalent of Off-Balance-Sheet Risk Assets Weighted at 20%*

The amount of off-balance-sheet assets to which the appropriate credit conversion factors (20 percent, 50 percent, or 100 percent) have been applied and risk-weighted at 20 percent less the full amount of risk participation in bankers acceptances conveyed to banks (line 2b of Schedule HC-I, Part II, in Appendix F).

### *Credit Equivalent of Off-Balance-Sheet Risk Assets Weighted at 50%*

The amount of off-balance-sheet assets to which the appropriate credit conversion factors (20 percent, 50 percent, or 100 percent) have been applied and risk-weighted at 50 percent.

### *Credit Equivalent of Off-Balance-Sheet Risk Assets Weighted at 100%*

The amount of off-balance-sheet assets to which the appropriate credit conversion factors (20 percent, 50 percent, or 100 percent) have

been applied and risk-weighted at 100 percent.

### *Total Off-Balance-Sheet Risk-Weighted Assets*

Credit equivalent amounts of off-balance-sheet transactions that are risk-weighted at 20 percent, 50 percent, or 100 percent.

### *Excess Mortgage Servicing Assets, Purchased Credit Card Relationships, Nonmortgage Servicing Assets, and Other Identifiable Intangible Assets*

The sum of excess MSAs, PCCRs, NMSAs, and nongrandfathered other identifiable intangible assets.

### *Net Unrealized Losses (Gains) on Marketable Equity Securities*

Net unrealized holding losses (gains) on available-for-sale equity securities with readily determinable fair values, net of tax effects. Prior to the March 1994 quarter, this line item displays an "NA."

### *Deferred Tax Assets in Excess of the Regulatory Capital Limit*

See the definition above. The amount of deferred tax assets in excess of the regulatory capital limit is not included in risk-weighted assets for risk-based capital purposes.

### *Total Credit Risk-Weighted Assets*

The sum of gross on-balance-sheet risk-weighted assets and off-balance-sheet assets minus the sum of excess MSAs, NMSAs, and PCCRs, net unrealized losses (gains) on marketable equity securities, nongrandfathered other identifiable intangible assets, and deferred tax assets in excess of the regulatory capital limit.

### *Market Risk Equivalent Assets*

The amount of the bank holding company's measure for market risk (as computed using its internal model) multiplied by 12.5. See the Federal Reserve's capital guidelines for specific instructions on the calculation of the market risk measure.

## *Gross Risk-Weighted Assets*

The sum of gross on-balance-sheet risk-weighted assets, off-balance-sheet risk-weighted assets and market risk equivalent assets minus the sum of excess MSAs, NMSAs, and PCCRs, net unrealized losses (gains) on marketable equity securities, nongrandfathered other identifiable intangible assets, and deferred tax assets in excess of the regulatory capital limit.

(Note: Prior to December 1995, data on excess deferred tax assets are not available.)

### *Excess Allowance for Credit Losses*

The excess amount of allowance for credit losses over 1.25 percent of gross risk-weighted assets.

### *Allocated Transfer Risk Reserve*

The required reserve for allocated transfer risk as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 351 of the Federal Deposit Insurance Corporation's Rules and Regulations, and Part 20 of the Office of the Comptroller of the Currency's Regulations) and in any guidelines, letters, or instructions issued by the agencies.

### *Net Risk-Weighted Assets*

Gross risk-weighted assets minus the sum of the allocated transfer risk reserve and excess allowance for loan and lease losses. For certain BHCs, this line item reflects capital charges for certain market risks.

## Memoranda

### *On-Balance-Sheet Assets with 0% Weight*

Gross assets reported in Schedule HC-I of the FR Y9-C, which have been assigned a credit risk weight of (but not multiplied by) zero percent.

### *Off-Balance-Sheet Assets (Credit Equivalent) with 0% Weight*

The amount of off-balance-sheet assets to which the appropriate credit conversion factors have been applied (20 percent, 50 percent, or 100 percent) weighted at zero percent.

### *Credit Equivalent of Off-Balance-Sheet Derivative Contracts*

The sum (as reported by the bank holding company on the FR Y-9C, Schedule HC-I, Part II, item 10, Columns A through C) of the current exposure or replacement cost and an estimate of the potential future credit exposure over the remaining life of derivative contracts (interest rate contracts, including basis swaps, foreign exchange contracts, equity derivative contracts, and commodity and other contracts).

Current exposure refers to the positive mark-to-market dollar value of each contract. If the mark-to-market value is zero or negative, then the current exposure equals zero.

With regard to off-balance-sheet contracts subject to bilateral netting arrangements (involving a single counterparty), however, the Federal Reserve Board's risk-based capital guidelines (that took effect on October 1995) allow positive mark-to-market values to be offset by negative mark-to-market values, thus resulting in a "net current exposure" with a minimum value of zero. "Gross current exposure" refers to the sum of the current exposures of all individual contracts with positive mark-to-market values.

The potential future credit exposure of off-balance-sheet derivative contracts, including contracts with a negative mark-to-market value, is calculated by multiplying the notional principal amount of each contract by a credit conversion factor. Tabulated below are conversion factors by type of contract and remaining maturity:

### **Conversion Factors**

Type of Contract	Remaining Maturity		
	1 Year or Less	Over 1–5 Years	Over 5 Years
Interest Rate	0.0%	0.5%	1.5%
Exchange rate and gold	1.0	5.0	7.5
Equity	6.0	8.0	10.0
Commodity, excluding precious metals	10.0	12.0	15.0
Precious metal except gold	7.0	7.0	8.0

For derivative contracts subject to bilateral netting, the aggregate sum of the above weighted notional principal amounts represents the gross potential future exposure ( $A_{gross}$ ). Together with NGR (the ratio of net current exposure to the gross current exposure),  $A_{gross}$  provides the basis for calculating an adjusted add-on amount ( $A_{net}$  in the formula below) which determines the net potential future exposure of derivative contracts subject to bilateral netting.

$$A_{net} = (0.4 \times A_{gross}) + [0.6(NGR \times A_{gross})]$$

Prior to the December 1995 reporting period, the applicable conversion factors were as follows:

Type of Contract	Remaining Maturity	
	1 Year or Less	Over 1 Year
Interest Rate	0.0%	0.5%
Exchange rate, gold, other precious metals, other commodity, and equity contracts	1.0	5.0

### *Mortgage Servicing Assets*

The unamortized cost of acquiring contracts to service loans secured by real estate.

### *Purchased Credit Card Relationships and Nonmortgage Servicing Assets*

The sum of unamortized amount of purchased credit card relationships arising from the purchase of existing

credit card receivables along with the right to provide credit card services to those customers and nonmortgage servicing assets arising from servicing contracts on financial assets other than loans secured by real estate.

### *All Other Identifiable Intangible Assets*

The unamortized amount of other specifically identifiable intangible assets including core deposit intangibles, favorable leasehold rights, and organization costs.

### **Capital Ratios**

#### *Tier 1 Leverage Ratio*

Tier 1 capital divided by average assets for the latest quarter (as reported in Schedule HC-E of the FR Y-9C), net of intangible assets ineligible for Tier 1 capital (goodwill, excess MSAs, NMSAs, and PCCRs and nongrandfathered other identifiable intangible assets) and deferred tax assets in excess of the regulatory capital limit. For certain BHCs, this ratio reflects capital charges for certain market risks.

(Note: Prior to December 1995, data on excess deferred tax assets are not available. Moreover, net unrealized losses on marketable equity securities are deducted from average assets from March 1994 to December 1994.

#### *Tier 1 Risk-Based Capital Ratio*

The difference between Tier 1 capital and 50 percent of investments in unconsolidated banking and finance subsidiaries divided by risk-weighted assets. If half (50 percent) of the investments in unconsolidated banking and finance subsidiaries exceeds Tier 2 capital, then the excess constitutes an additional amount to be deducted from Tier 1 capital. For certain BHCs, this ratio reflects capital charges for certain market risks.

#### *Total Risk-Based Capital Ratio*

Total risk-based capital divided by risk-weighted assets. For certain

---

BHCs, this ratio reflects capital charges for certain market risks.

*Tangible Tier 1 Leverage Ratio*

The sum of common equity, non-cumulative perpetual preferred stock, cumulative perpetual preferred stock that qualifies for Tier 1 capital, and minority interest in consolidated subsidiaries (including trust preferred stock), net of total intangible assets and deferred tax assets in excess of the regulatory limit, divided by average assets for the latest quarter (as reported in Schedule HC-E of the FR Y-9C report form), net of total intangible assets and deferred tax

assets in excess of the regulatory limit. Tangible tier 1 leverage ratios calculated in 1994, however, reflect the deduction of net unrealized losses on marketable equity securities from the denominator.

(Note: Prior to December 1995, data on excess deferred tax assets are not available.)

*Tangible Common Equity Capital/  
Tangible Assets*

Equity capital minus the sum of perpetual preferred stock (net of related treasury stock) and intangible assets, divided by total assets, net of intangible assets.